

()

()

()



TOWN OF VERNON

Town of Vernon Administration
OFFICE OF THE
MAYOR
Jason L. McCoy, Esq.

14 PARK PLACE, VERNON, CT 06066

Tel: (860) 870-3600

Fax: (860) 870-3580

jmccoy@vernon-ct.gov

March 15, 2010

Vernon Town Council
Memorial Building
14 Park Place
Vernon, CT 06066

Re: MAYOR'S 2010-2011 BUDGET MESSAGE

Dear Town Council Members, Citizens and Taxpayers of Vernon:

I am pleased to submit the following budget for the 2010-2011 fiscal year for your consideration. Along with my recommended budget, I forward to you the enterprise budget of the Water Pollution Control Authority for the operation of the Wastewater Treatment Facility along with the new six-year Capital Improvement Plan for the Town. A copy of the Education budget as approved by the Board of Education was distributed to the Town Council under separate cover.

Mayor's Budget Message for Fiscal Year 2010-2011

This proposed budget contains a 0.8% spending increase for the Town of Vernon and its departments including the Board of Education, excluding health insurance premiums. The increase in the budget for health insurance represents an increase of 2.67 % of the overall budget or 20% of the health insurance account line item. The Town of Vernon 2010-2011 proposed budget increase is 3.50% from the prior year, which as you can see is primarily due to the increase in the cost of health insurance. This budget is fiscally sensible, it provides for full services to our citizens; quality education for our children and balances wants and needs with what we can afford.

This budget process began last year and came together in January of 2010. The department heads, the Board of Education, and my Administration began to put together a road map for the next fiscal year all the while taking into account the economy and the citizen's ability to pay. The focus early on was how to deal with our largest fixed cost, which is labor. Keeping in mind the state and national economy as

well, we were able to successfully negotiate reasonable labor contracts with an eye on not just the upcoming fiscal year, but also many fiscal years down the road. I would be remiss if I did not mention that my impression during these labor negotiations and arbitrations was that the town employees on the other side of the table were concerned about the citizens of this community and aware of the difficult economic time that affect our citizens thus allowing the process to be completed in a reasonable manner with balanced results for all concerned.

The total spending for wages for the Town **decreases** in FY 2010-11 by \$120,000.00. My administration negotiated several contracts resulting in 0% general wage increases. The contract negotiations led to freezes on unused sick time and a new defined contribution plan in lieu of a traditional pension. The Board of Education, likewise, with the help of George Apel, Chairman of the Budget Steering Committee and his negotiating team pulled together several labor contracts with the Secretaries and Custodians with general wage increase of 0 %.

In 2010, the Town's two year fixed price, health insurance contract with Aetna ends. In late November of 2009, just after the election, we began the process of soliciting prices for health insurance for the Town, Board and Water Pollution Control Authority employees. We became aware that the health care coverage that the employees had been receiving was actually costing 106% of the premiums being paid. As a result, the bids we received ranged from a 47% to 31% increase in premiums.

As of this past Friday, March 12, 2010, we received health insurance bids that are set out in the 2010-2011 budget that equal an overall 20% increase or a total budgetary dollar increase of about \$ 2,029,160 dollars in health insurance premium. You will see that I have made a reduction to the Board of Education's Departmental request in the amount of \$ 200,000 which is reflective of the negotiations with the health insurance companies and administrator of our prescription drug coverage.

The Town's debt service increases by 16.73% or \$787,760. The increase is due to the 2004 and 2005 Road and School Improvement Bonds. In light of the unanticipated increases in the area of health insurance, we have reduced the capital improvements to zero. We have reduced \$92,100 from debt service by using this year's surpluses in the 2010 budget derived from lower Town spending and hiring freeze initiated in 2009. We will pay off early the lease for one of the fire trucks. If the increases for debt service and health insurance were excluded, the spending in the 2010-2011 would actually decrease by -0.2%.

Further, there are areas of expenses that have been reduced through investment in new initiatives. Manual trash pickup has been changed to automated trash and recycling pick up, a new trash compacting system is being put in place to reduce tipping fees. The use of trucks with automated arms will reduce labor costs, reduce worker's compensation costs and speed up the delivery of services. The switch to large containers for recycling will result in an increase in recycling and thus a decrease in our tipping fees per ton and charges to have trash hauled away. This new initiative will result in savings of \$300,000.00 per year. Moreover, the investment in fiber optic cable reduces network connections and telephone lines charges as well as the purchase of

personal computers which will be replaced with dummy terminal style computers for work stations.

In the area of electricity, the Town has received pricing that lowered this budget by \$135,000.00. The Board of Education's budget steering committee has reduced their budget for electricity by \$85,000 through investment in software that turn off the digital equipment when not in operations. The WPCA has reduced its budget for electricity by \$120,000 through investment in diffusers. We continue to work on electricity reductions throughout the budget and will move forward once an energy improvement district is passed. Of particular note is our continued reduction of fossil fuel usage. The 2010-2011 budget as presented reduces gas and diesel consumption by 5%.

I have asked the Town Council to pass an ordinance that would establish an Energy Improvement District in Vernon. This in turn, would allow the Town to produce green energy, including Fuel Cells to lower our operating expenses and help the environment. Further, this initiative would help our local business community reduce their energy costs, make Vernon more attractive to new business and industry, re-development and most important retain existing employers.

This budget provides for services to our citizens and taxpayers needs with slight increases in spending. The major issue is that this community is confronted with is that it has had very little economic development. Our grand list has only grown by 0.36%. We have begun an effort to market our community for industrial, commercial and retail development by highlighting the I-84 interstate interchanges, the location between New York and Boston and our proximity to Hartford. This is critical to Vernon. Why? Our Town, like our State and Nation, is not immune from the direct or indirect effects of the weak economy.

Since early 2007, the Town of Vernon unemployment rate has increased. The result is that we have been placed on the list of distressed municipalities. At any time we may come off of the list if we can lower the unemployment rate. In the face of this challenge Vernon is moving forward with its commitment to increase the prospect of new jobs and increase our property tax base. The cleanup of the Roosevelt Mills property is one example of the progress, just last week the demolition permits were pulled by the developer. The private developer of Roosevelt Mills, Loom City Lofts, is expected to make an investment of fifteen million dollars for apartments and retail. The Kautilya Group will begin a fifteen million dollar construction project in 2010 and 2011 of a Marriott Springhill Suites Inn with 120 to 140 rooms which guarantees at least 6 jobs for Vernon residents. It is also anticipated that we may be the choice for an equestrian center with an investment of well over 20 million dollars, and a retail center with an investment of over 10 million dollars. Moreover, it is expected that the Home Depot project off of the interchange at the former SportPlex location will complete its journey through the court system resulting in an investment of 9 million dollars and 60 full and part time jobs to the region.

The Town, Water Pollution Control Authority and Board of Education continue to use technology to improve services and increase the ease of information processing. This year the Board of Education, Rockville High School along with a few of the grammar schools, the Town Hall, the Police Department and Ambulance building are being

linked through the new fiber optic cabling which is scheduled to be complete by the end of March 2010. This will allow savings in paper and access to information through the document management systems that we have invested in along with the savings previously mentioned.

We have created a system that will have an institutional memory of requests and responsiveness. You can register requests and complaints, through the Town's 311 service on the town website, www.Vernon-ct.gov which is called City Alert. If you have a question, you can investigate our Town Knowledge Base at the Town website through the Q-Send application. You are able to sign up for recreational classes on line and see your taxes online. This year you will be able to view property cards on line as well.

It is important to be aware of the costs as they have been outlined in this message. For every 190,000 dollars of spending reduced at this point, you will have a one quarter of 1 percent (.25%) reduction in the percent of spending overall. The budget for Fiscal Year 2010-2011 calls for spending of \$78,753,958.00, which is an overall increase spending of 3.5%. Of note is the 2.03 million dollar increase for Health Insurance, which represents 76% of the total increase or a 2.67% spending increase to this proposed budget. Exclusive of that the total increase in spending for the Town general government and School department is 0.8%. The spending excluding new debt service from the 2004/2005 Road/School bonds projects and health insurance increase for the Town general government and School department actually represents a decrease in spending of -0.2%.

This total increase in the 2010-2011 Town of Vernon is broken down chiefly as \$1,723,027 for the Board of Education, \$229,425 to operate the Town, and the balance of \$ 787,760 is repayment on debt.

	Adopted FY 2009- 10	Mayor's Recommendation FY 2010-11	Increase (Decrease) (\$)	% Change
General Government	25,468,149	25,697,574	229,425	0.90%
Education	45,835,932	47,558,959	1,723,027	3.76%
Capital Improvements	76,120	0	-76,120	-100.0%
Subtotal	71,380,201	73,256,533	1,876,332	2.63%
Debt Service	4,709,655	5,497,425	787,760	16.73%
Total Appropriations	76,089,866	78,753,958	2,664,092	3.50%

As your Mayor it has been my policy to continue to strive to do all we can to help the citizens and taxpayers of this town. This is one of those years where we have taken a hard look at how to reduce the cost of government while still delivering the same or better services. This year's budget proposal funds police protection, public safety by fire and ambulance service, it funds snow removal, leaf collection, trash collection and recycling; it funds operation and maintenance of the parks, pools, lakes, walking trails, dial-a-ride, the senior center and all other services previously provided. This year's proposed budget supports a good quality education for our children, with no pay to play programs along with no cuts in extracurricular activities. This budget actually does this at the best cost per pupil in Connecticut while boasting some of the smallest classroom sizes in our area of the State. This budget requires no layoffs of Town employees, no layoffs of school teachers or school board administrators. Of course there will be folks on both sides of this issue but the budget balances needs, real estate property value and affordability.

Reductions to this budget will impact the above list of services that have been unaffected by this proposed budget. I ask that the Town Council and the citizens and taxpayers of the Town please support this budget.

The Budget Format has been modified from the previously used format. A detailed outline of the Format is appended to this message. This Budget will be on-line on the Town website and available for you at the Town Clerk's office or Library. If you have any questions or comments about the proposed budget, you may send them to Administration@vernon-ct.gov.

Thank you for allowing me to serve as your Mayor.

Town of Vernon

By:

Jason L. McCoy, Esq.
Mayor of Vernon